

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113
Sacramento, CA

Minutes of Meeting
June 26, 2008

COMMISSIONERS PRESENT

Cathie Bennett Warner, Chair
Wilma Chan
Marvin Kropke
Nancy McFadden

COMMISSIONERS ABSENT

Michele Burton, M.P.H.
Vicki Marti

EX-OFFICIO MEMBERS PRESENT

Cathy Halverson, Department of Health Care Services
John Fitzpatrick II, Department of Finance

CMAC STAFF PRESENT

J. Keith Berger, Executive Director
Tacia Carroll
Nathan Davis
Denise DeTrano
Holland Golec
Mark Klobberdanz
Katie Knudson
Jenny Morgan
Becky Swol
Mike Tagupa
Karen Thalhammer

EX-OFFICIO MEMBERS ABSENT**I. Call to Order**

The June 26, 2008 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The June 12, 2008 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Keith Berger, Executive Director, began his report by informing the Commissioners that staff did not receive any suggested changes from the Commissioners to the draft of the proposed 2008 CMAC Annual Report to the Legislature that was provided at the previous meeting for the Commissioner's review. Mr. Berger recommended the Commissioners approve the report and CMAC will move forward with its distribution. At this time, the 2008 Annual Report to the Legislature was unanimously approved.

Regarding Legislative budget actions, Mr. Berger noted that the budget conference committee has been meeting for the last couple of weeks. A number of issues have been resolved, but many of the major Medi-Cal issues are still open items.

Mr. Berger explained that the conference committee voted no on a Senate proposal to roll back half of the 10 percent reduction in non-contract hospital payments that was passed in the special session. He noted that proposals to roll back other Medi-Cal rate reductions that were passed in the special session remain open items.

Mr. Berger said that the two other items that remain open are the Senate budget committee proposals that provided for placeholder trailer bill language that would 1) move responsibility for establishing reimbursement levels for Geographic Managed Care (GMC) plans from CMAC to the Department of Health Care Services (DHCS) and 2) address the future structure of CMAC. Staff will continue to monitor conference committee actions regarding these issues.

Mr. Berger noted that he would let DHCS, during its report, address the status of the two Administration proposals regarding additional reductions to rates for non-contract hospitals in the fee-for-service and managed care programs and other issues.

Mr. Berger was pleased to announce that CMAC has hired a new Senior Negotiator to fill the vacancy at CMAC. The new negotiator, Nathan Davis, started work at CMAC this Monday. He joins CMAC from the Office of Statewide Health Planning and Development (OSHDP) where he was a senior accounts manager in the Cal-Mortgage Loan Insurance Program. Mr. Berger said that staff is glad to have Nathan join CMAC's negotiation unit and that CMAC will benefit from his experience and knowledge. The Commissioners welcomed Mr. Davis.

Mr. Berger concluded his report by noting that there are eight managed care and hospital contracts and amendments before the Commissioners for review and action in closed session as well as several updates and discussions regarding current hospital and managed care negotiations and negotiation strategies.

IV. Department of Health Care Services (DHCS) Report

Following closed session activities, the Chair re-opened the meeting's open session and Cathy Halverson, DHCS, began her report. She explained that DHCS's main focus has been on proposals to reduce payments to non-contract hospitals to the lower of 90 percent of cost or CMAC's average regional rate minus five percent. Ms. Halverson noted that the proposal language is still being refined and that DHCS is currently meeting with hospitals and managed care plans to receive their insight on these changes. She said these proposals are in place to try and reimburse more evenly between Selective Provider Contracting Program (SPCP) contract and non-SPCP hospitals and to ultimately encourage hospitals to contract with CMAC. She also said that the new language exempts rural hospitals, and the Administration is now proposing to also exempt hospitals in open Health Facility Planning Areas (HFPA) except for hospitals in those areas with three or more hospitals, or HFPA's that have ever been closed since the inception of CMAC.

Ms. Halverson informed CMAC that the Legislature would like to receive evaluation reports on the impact of these changes to hospitals and managed care plans shortly after the program is implemented.

Regarding the managed care component, Ms. Halverson explained that the proposals to reduce Health Plan payments to out-of-network hospitals include emergency admissions, which receive the CMAC average regional rate, and post stabilization and non-emergency services that receive the lower of 90 percent of fee-for-service costs or the CMAC average regional rate minus five percent. Ms. Halverson noted that a change was made as a result of a request made by health plans to change the statewide tertiary hospital rate to regional tertiary hospital rate.

Ms. Halverson said that there is a great deal of emphasis on the post stabilization language to encourage the health plans to move the patients to network facilities.

Mr. Berger noted that he expects CMAC to be involved in evaluating fee-for-service non-SPCP hospital impacts in terms of the increasing number of hospitals contracting with CMAC.

Ms. Halverson noted that she expects there to be an increase in SPCP contracting hospitals resulting from these proposals.

V. New Business/Public Comments/Adjournment

There being no new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.